

THE HONGKONG ELECTRIC CO., LTD.

Development Of An Offshore Wind Farm In Hong Kong

STAKEHOLDER LIAISON GROUP

TERMS OF REFERENCE

Dec 2010



1. BACKGROUND

The Hongkong Electric Company Limited (HK Electric) is proposing the development of an offshore wind farm in the Hong Kong SAR. The wind farm is planned for a generating capacity of around 100 MW. This project is embarked in support of the government policy to develop wider application of renewable energy in Hong Kong.

The proposed offshore wind farm is located around 4km southwest of Lamma Island (Figure 1). A full Environmental Impact Assessment of the project has been completed confirming the environmental acceptance associated with the construction and operation of the offshore wind farm. The EIA Report (Registered Number EIA-177/2009) has formally been approved by the Environmental Protection Department on 14 May 2010. An Environmental Permit (EP-394/2010) of the project was officially granted to HK Electric under the EIA Ordinance on 8 June 2010.

Pursuant to Clause 2.4 of Environmental Permit, HK Electric is to set up a Stakeholder Liaison Group (SLG) within 6 months upon issuance of the Environmental Permit. The purpose of setting up this SLG is to establish communications between the project proponent and relevant stakeholders, particularly on the environmental aspects of the project.

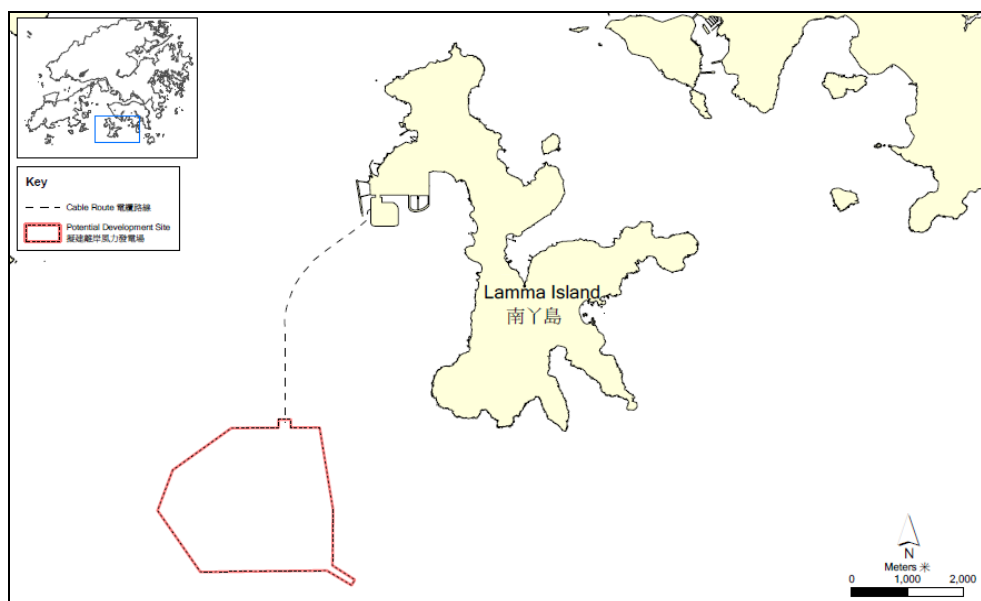


Figure 1 – Location of the Proposed Offshore Wind Farm in Southwest Lamma

2. SLG OBJECTIVE

The objective of this SLG is to provide an advisory forum for stakeholders including those related to fishery sector, environmental groups, academia and the local communities to advise on the design, construction and operation of the proposed Offshore Wind Farm at Southwest Lamma.

3. SLG ORGANIZATION STRUCTURE

The proposed organization structure of the SLG comprises representatives from the following major stakeholders (Figure 2):-

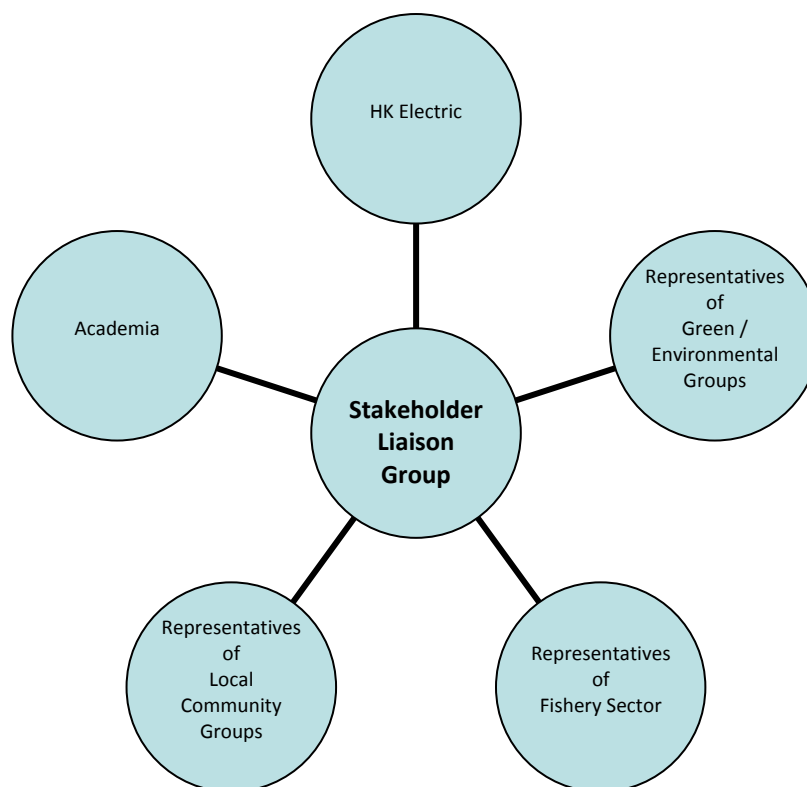


Figure 2 - Organization Structure of SLG

The organization structure of the SLG indicated above is not meant to be exhaustive. Representatives from other relevant stakeholder groups could be invited in future on an as-need basis throughout the course of project implementation stages.

4. SLG MEMBERSHIP

A committee comprising members from HK Electric and external consultants has been set up for reviewing and inviting potential representatives of the SLG. Members will be selected from different functional groups aiming to tap knowledge from the expertise and balance the interests of various stakeholders towards successful development of the project.

Serving on membership of the SLG is purely on a voluntary basis. Tenure for members serving the SLG will be of 2 years initially.

Membership list for the SLG will be furnished to the Environmental Protection Department and the Advisory Council on the Environment (ACE), and views will be taken into account in the membership selection.

5. SLG OPERATION

The following operational guidelines are in place to maintain effective functioning of the SLG:

- a. At the first SLG meeting, HK Electric will disseminate materials related to the offshore wind farm project to the SLG members to make them fully informed on the project background.
- b. HK Electric will engage an independent facilitator to facilitate the organization and functioning of the SLG. The role of facilitator is to provide objective facilitation during each SLG meeting. The facilitator will possess focus group facilitating experience so as to ensure the SLG meeting can be conducted smoothly by balancing views from a diversified group of interest parties while encouraging active participation from the floor.
- c. Members participating in the SLG meetings are expected to offer their views in their field of expertise towards the construction and operation of the offshore wind farm project. HK Electric is expected to hear these views and to study validity of recommendations proposed at the SLG meetings.
- d. In encountering different views of the SLG members, the facilitator will play a role in conflict resolution whenever necessary with an aim to strive for reaching a consensus oriented solutions where interests from various parties can be balanced.
- e. SLG meetings are expected to convene half-yearly or other appropriate time intervals. The inaugural meeting is scheduled for end January 2011.
- f. Prior to the SLG meetings, an agenda for meeting will be prepared by HK Electric and members will be invited to submit their questions that he/she would like to discuss at the SLG meeting.
- g. All meetings will be held in Cantonese language while document disseminated for the meetings will be unilingual either in Chinese or English, depending on nature of the document in concern. Agenda and minutes of meetings will be prepared in bilingual languages.
- h. The facilitator acting as the meeting convener will confirm availability of each member before finalizing the date of SLG meeting. The facilitator can confirm a SLG meeting should more than 60% of the members confirm they are available for the meeting.

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- i. Secretarial supports including preparation of meeting agenda, briefing papers, presentation materials, meeting minutes shall be provided by HK Electric.
- j. External consultants may be invited to join the SLG meetings for providing technical support on specific issues if deemed necessary.
- k. SLG members shall have obligation to keep confidential any restricted and proprietary information received or discussed in the SLG meetings.
- l. All minutes of meetings and relevant documents of the SLG will be placed on HK Electric's website within one month of the dates of the meetings.

6. DISSOLUTION OF SLG

The SLG will be dissolved at an agreed time upon discussion with EPD.